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June 20, 2006

AGENDA ITEM 9

**TO: MEMBERS OF THE BENEFITS AND PROGRAM ADMINISTRATION
COMMITTEE**

- I. SUBJECT:** Performance Management Project
- II. PROGRAM:** Member and Benefit Services Branch
- III. RECOMMENDATION:** For Information Only
- IV. ANALYSIS:**

In September 2005, the Board adopted a new set of pension strategic goals to guide CalPERS into the future. A new three-year business plan is currently under development for implementing the pension strategic goals. As we develop the new business plan, new performance measures are needed to provide CalPERS management and Board with the information needed to manage and report the organization's progress toward meeting the pension strategic goals. At the January 2006 Board offsite, staff also reported on a number of improvements that need to be made to MBSB's existing Effectiveness Measures.

To develop the needed measures, we embarked on the Pension Performance Management Project.

This project, approved by the Board in the FY 2006 - 2007 budget, is to identify and recommend appropriate performance measurements to enable all levels of management to effectively manage CalPERS Pension Program Functions to the new pension strategic goals.

We have engaged KT Consulting, Inc. (KTC) to assist with this project. KTC is an experienced consulting firm with substantial expertise in Performance Management. Given the Board's interest in the Effectiveness Measures, we asked the Project Manager, Kevin Terrell, to present to you some preliminary work that has been done relative to the MBSB Effectiveness Measures.

Attachment A is a preliminary high-level project schedule. While it is very preliminary, it provides a thumbnail sketch of where we are and the path forward as we currently envision it.

We expect to have a Detailed Project Plan in July 2006 and will present that plan to the Committee at its August meeting.

VI. RESULTS/COSTS:

The 2006-2007 budget allocated \$500,000 to fund this consulting engagement.

V. STRATEGIC PLAN:

New measurements resulting from the Performance Management Project will provide a useful tool in assessing progress towards meeting the new CalPERS strategic goals.

Ken Nitschke, Chief
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Attachment